

SEAFARERS HEALTH AND BENEFITS PLAN

5201 Capital Gateway Drive
Camp Springs, Maryland 20746-4275
(301) 899-0675

Margaret R. Bowen
Administrator

October 15, 2023

Re: Non-Creditable Coverage Notice

Dear Participant:

We are sending this letter to you because you are eligible for benefits from the Seafarers Health and Benefits Plan ("Plan") under its Plan Level S coverage. According to Plan records, you are at least 64 years of age and may become eligible to enroll in the Medicare Part D Prescription Drug Program under Medicare in the near future.

Enclosed is the Plan's Non-Creditable Coverage Notice, which provides important information about the Plan's prescription coverage and the Medicare Part D Prescription Drug Program.

If you have any questions regarding your benefits, contact the SHBP Claims Department at (800) 252-4674 (Option 3) or claimsdept@seafarers.org. Additional information regarding the Plan can be found online at www.seafarers.org.

Sincerely,

Margaret R. Bowen
Administrator

This notice does not guarantee eligibility for benefits from the Seafarers Health and Benefits Plan when you retire. In order to be eligible for benefits, you must have at least 5,475 days of covered employment under the Plan if you are retiring on a Normal Pension or Early Normal Pension. If you retire on a Disability Pension, you must have 4,380 days of covered employment. In addition, you must have at least 125 days of covered employment in the calendar year immediately preceding the year in which you become eligible for and apply for pension benefits. "Covered employment" does not include "Extra Service Credit" or "Supplemental Service" earned under the Seafarers Pension Plan.

Important Notice From Seafarers Health and Benefits Plan About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the Seafarers Health and Benefits Plan ("Plan") and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. The Seafarers Health and Benefits Plan has determined that the prescription drug coverage offered by the Plan is, on average for all plan participants at Plan Level S, NOT expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered Non-Creditable Coverage. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan, than if you only have prescription drug coverage from the Seafarers Health and Benefits Plan. This also is important because it may mean that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.
3. You can keep your current coverage from the Seafarers Health and Benefits Plan. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Read this notice carefully - it explains your options.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th.

However, if you decide to drop your current coverage with the Seafarers Health and Benefits Plan, since it is employer/union sponsored group coverage, you will be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan; however, you also may pay a higher premium (a penalty) because you did not have creditable coverage under the Seafarers Health and Benefits Plan.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

Since the coverage under the Seafarers Health and Benefits Plan is not creditable, depending on how long you go without creditable prescription drug coverage you may pay a penalty to join a Medicare drug plan. Starting with the end of the last month that you were first eligible to join a Medicare drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that's creditable, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, you will still receive coverage from the Seafarers Health and Benefits Plan as long as you meet the Plan's eligibility requirements. See pages 7-9 of the CMS Disclosure of Creditable Coverage To Medicare Part D Eligible Individuals Guidance available at www.cms.hhs.gov/CreditableCoverage/, which outlines the prescription drug plan provisions/options that Medicare eligible individuals may have available to them when they become eligible for Medicare Part D.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact the Seafarers Health and Benefits Plan's Claims Department further information at 1-800-252-4674 (Option 3).

NOTE: You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan and if this coverage through the Seafarers Health and Benefits Plan changes. You also may request a copy of this notice at any time.

For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).